

Budget Committee Meeting Minutes
Wednesday, February 18, 2009
5:05 p.m.
Third Floor, City Hall

Present:

Chair: CM King
Vice-Chair: CM Downard
Members: CW Woolridge, CM Kramer, CM Blackwell, CM Heiner,
CM Johnson, CM Fleming & CW Butler

Absent: CW Hamilton (excused absence)

Chairman King began the meeting by announcing the members of the Committee present. A Quorum was established.

Special Items For Discussion

1- METRO LOUISVILLE 2ND QUARTER OVERVIEW

Kevin Moore, Interim Chief Financial Officer & Daniel Frockt, Director of Budget, gave a 2nd Quarter Overview in regards to Metro Louisville's Budget. Informational materials were shared with the Committee (4 items attached)

1. Revenue Estimates & Receipts
2. Operating Budget Status Report
3. Capital Projects Status Report
4. PSC Contracts \$5,000 & Over

Mr. Frockt briefed the Committee beginning with the Revenue Estimates & Receipts. Previously presented to the Committee 3 months ago was about a \$20million shortfall; presently still the same estimate. The following was discussed:

- Economic Impact on Budget Levels
- Insurance Premiums
- Deed Taxes
- Building permits
- Investment Income
- State Fees from County Clerk and the Sheriff
- EMS fees
- Net Profits
- Employee withholdings
- Revenue Commission
- Metro Corrections

Mr. Moore continued with the Operating Budget Status Report; the following was discussed:

- Balancing the reported shortfall
- Reporting to FEMA due to Ike Storm in September
 - Same for gathering information on the recent Ice Storm
- Non-scheduled overtime down
- Fuel Consumption
- Youth Detention Services & housing issue
- Zoo impacted by the slowing economy
- Month-by-month analysis
- TARC and Visitors Bureau
 - not included in YTD expenditures

The Committee requested follow-up information in regards to the Budget Reduction Plan

- Details to reconciliation

- Take home cars
- Furlough days
- Disaster Reimbursement
- TARC and Visitors Bureau

Along with Mr. Moore, Ted Pullen, Public Works Director, gave a status report on Capital Projects/General Obligation Projects.

- 2006 GO Bonds
 - 65 to 70 projects completed within the 2nd quarter of 2009
 - Totaling about \$9.3million
- 2008 GO Bonds
 - Expenditures about \$22.3million
- On-going Major Projects
 - Firehouse in the Portland Area – Engine #6
 - Engine #21 – located off Spring Street
 - MetroSafe
 - Police Firing Range
 - Newburg Library

Pending Legislation

2- R-23-02-09 A RESOLUTION RATIFYING A PERFORMANCE BOND FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CLERK.

Status: In-Committee
Committee: Budget
Primary Sponsor: David Tandy

Motion to approve made by Mary C. Woolridge and seconded by Kelly Downard

Discussion – Council Clerk Kathy Herron stated this was the yearly performance bond, required by State Statute, and is renewed on an annual basis.

By voice vote, the item was approved and sent to **CONSENT CALENDAR**.

3- O-21-02-09 AN ORDINANCE OF THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT AUTHORIZING AND RATIFYING ACTIONS IN THE STRUCTURING, STAFFING, PLANNING AND PREPARATION OF ALL DOCUMENTATION, INCLUDING AN ESCROW AGREEMENT, IF APPLICABLE, FOR THE ISSUANCE OF CERTAIN GENERAL OBLIGATION [REFUNDING] BONDS OR GENERAL OBLIGATION [REFUNDING] NOTES OF THE METRO GOVERNMENT IN ONE OR MORE SERIES; AUTHORIZING THE ISSUANCE OF SUCH BONDS TO (i) FINANCE THE COSTS OF NEW MONEY PROJECTS AND (ii) REFINANCE ALL OR A PORTION OF THE ISSUER'S OUTSTANDING GENERAL OBLIGATION BOND ANTICIPATION NOTES, SERIES 2008A AS FURTHER SET FORTH HEREIN; SETTING FORTH THE TERMS AND CONDITIONS ON WHICH THE BONDS ARE TO BE ISSUED AND SOLD; DEFINING AND PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE BONDS AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS THEREOF; AND TAKING OTHER RELATED ACTION.

Status: In-Committee
Committee: Budget
Primary Sponsor: Jim King

Motion to approve made by Marianne Butler and seconded by Mary C. Woolridge

Discussion – Mr. Moore stated this ordinance would save money by reducing transaction costs associated with bond issuance. The amount of the new capital projects is \$49.8million, \$39.3million for capital projects approved by the Metro Council in the 2009 Capital Budget with an additional \$10.5million in MetroSafe mainly the radio infrastructure. The refunding anticipation note is \$44million. The plan is to go to market between September & December 2009 to issue the 20-year fixed debt, if market conditions are favorable. Metro Government is seeking authorization now; projects can continue on a reimbursement basis without stopping work and secondly, provides flexibility, with regards to managing cash flow in order to issue bonds more quickly if market conditions become more favorable. The General Obligation Note Option, if used, will reduce the IRS arbitrage concerns when acting as a refunding and will eliminate the expenditure requirements associated with the portion of the fixed debt. This ordinance will not introduce any additional capital projects, with the only distinction of MetroSafe as previously mentioned. Bond Counsel present was Laura Theilmann and Mike Harrington.

Lengthy discussion occurred concerning the possibility of using the \$10.5million in capital funds towards other projects. These substituted projects would be forced to meet certain criteria within the Bond.

Motion to table made by Kelly Downard and seconded by Kenneth C. Fleming.
Without objection, the item was **TABLED IN COMMITTEE.**

Motion to adjourn made by Kelly Downard; without objection, the meeting adjourned at 6:42PM

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the February 26, 2009 Council Meeting.**

KLP